

AMENDED IN SENATE JUNE 26, 2000

AMENDED IN SENATE JUNE 15, 2000

AMENDED IN SENATE MARCH 22, 2000

AMENDED IN ASSEMBLY APRIL 7, 1999

AMENDED IN ASSEMBLY APRIL 5, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 274

Introduced by Assembly Member Baldwin

February 3, 1999

An act to ~~add Section 987.885 to the Military and Veterans Code,~~ relating to veterans.

LEGISLATIVE COUNSEL'S DIGEST

AB 274, as amended, Baldwin. Veterans: ~~home and farm purchases: life and disability insurance~~ *Actuarial study.*

Existing law provides for the Veterans' Farm and Home Purchase Act of 1974.

This bill would, as provided, require the Secretary of Veterans Affairs to conduct, or cause to be conducted, an actuarial study of the life and disability insurance coverage that is being provided for the purchasers of farms and homes under that act. This bill would require the Secretary of Veterans Affairs to submit copies of the study to specified legislative committees on or before July 1, 2001.

~~Existing law, the Veterans' Farm and Home Purchase Act of 1974, authorizes the Department of Veterans Affairs to~~

~~enter into a master agreement with one or more insurance companies to provide life or disability insurance coverage for purchasers of farms or homes under the act, and requires the master agreement to provide for the maintenance of reserves as the department, after consultation with the Insurance Commissioner, deems appropriate and prudent.~~

~~This bill, in addition, would require any contract for the purchase of a home or farm made under the act to include a life insurance benefit and a disability benefit for the term of the mortgage with no underwriting requirements. The bill would prohibit the department from commingling money from premiums paid under these provisions with any other money obtained by the department.~~

~~The bill also, on and after January 1, 2001, with respect to the life and disability reserves established under the department's self-funded insurance plan that was in operation from January 1, 1984, to May 31, 1996, inclusive, would require those reserves to be used for the exclusive purpose of funding the remaining liabilities, as described, under the self-funded plan.~~

~~Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.~~

The people of the State of California do enact as follows:

1 ~~SECTION 1.—Section 987.885 is added to the Military~~
 2 *SECTION 1. (a) The Secretary of Veterans Affairs*
 3 *shall conduct, or cause to be conducted, an actuarial study*
 4 *of the life and disability insurance coverage that is being*
 5 *provided for the purchasers of farms and homes under*
 6 *the Veterans' Farm and Home Purchase Act of 1974*
 7 *(Article 3.1 (commencing with Section 987.50) of*
 8 *Chapter 6 of Division 4 of the Military and Veterans*
 9 *Code). The study shall:*
 10 *(1) Be an independent actuarial study and shall*
 11 *include, but not be limited to, the feasibility of true group*
 12 *life and disability insurance with no underwriting*
 13 *requirements. The study shall be based upon the original*
 14 *price of the loan, and shall not be based upon the age of*
 15 *the loanholder.*

(2) Determine the cost to the department to return to the life and disability insurance program under the Veterans' Farm and Home Purchase Act of 1974 as it existed prior to January 1, 1995.

(3) Determine the costs of a program under paragraphs (1) and (2), and determine the cost of a program under paragraph (2) alone.

(4) Be conducted using existing resources of the Department of Veterans Affairs.

(b) Copies of the study shall be submitted to the Senate Committee on Veterans Affairs, the Senate Committee on Insurance, the Assembly Committee on Veterans Affairs, and the Assembly Committee on Insurance on or before July 1, 2001.

~~and Veterans Code, to read:~~

~~987.885. (a) (1) Any contract for the purchase of a home or farm made under this article shall include a life insurance benefit and a disability benefit for the term of the mortgage with no underwriting requirements.~~

~~(2) The department shall not commingle money from premiums paid pursuant to paragraph (1) with any other money obtained by the department.~~

~~(b) On and after January 1, 2001, with respect to the life and disability reserves established under the department's self-funded insurance plan that was in operation from January 1, 1984, to May 31, 1996, inclusive, those reserves shall be used for the exclusive purpose of funding the remaining liabilities under the self-funded plan. The remaining liabilities shall include, but are not limited to, all of the following:~~

~~(1) Contraetholders of disability insurance who were totally disabled prior to June 1, 1996, upon successful completion and approval of their claims, shall be paid disability benefits until one of the following occurs:~~

~~(A) Total recovery from the disabling condition.~~

~~(B) The home or farm loan is paid in full.~~

~~(C) The death of the contraetholder.~~

~~(2) The beneficiaries of life insurance for contraetholders, who became totally disabled prior to~~

- 1 ~~June 1, 1996, and who die while totally disabled, shall be~~
- 2 ~~paid life insurance benefits.~~

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